

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DEPARTMENT OF HUMAN SERVICES

THE AIME J. FORAND BUILDING

600 NEW LONDON AVENUE

CRANSTON, RI 02920

PRINCIPLES OF REIMBURSEMENT

FOR

NURSING FACILITIES

EFFECTIVE ~~SEPTEMBER 1, 2004~~ OCTOBER 1, 2005

PRINCIPLES OF REIMBURSEMENT

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PRINCIPLES OF REIMBURSEMENT
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APPLICABLE FEDERAL AND STATE LAWS

Legal Basis for Program

The Rhode Island Medical Assistance Program was established on July 1, 1966, under the provision of Title XIX of the Social Security Act as amended by Public Law 89-97 which was enacted by the Congress on July 30, 1965. The enabling State Legislation is to be found in Title 40, Chapter 8 of the Rhode Island General Laws, 1956, as amended.

The Powers of the Director

Rhode Island General Laws 40-8-13 provides that the Director of the Department of Human Services, shall make and promulgate rules, regulations, and fee schedules, for the proper administration of the Medical Assistance Program, and to make the Department's State Plan for Medical Assistance conform to the provisions of the Federal Social Security Act.

Penalties for Misrepresentation or Fraudulent Acts

Penalties for misrepresentation or fraudulent acts involving this program are covered by both Section 1909 (a) of the Social Security Act, and Sections 11-41-3, 11-41-4, 40-8.2-3, 40-8.2-4 and 40-8.2-7 of the Rhode Island General Laws and any other applicable statutes. These criminal penalties are in addition to civil actions for damages, recoveries of overpayments, injunctions to prevent continuation of conduct in violation of Chapter 40-8.2, as well as suspension or debarment from participation in the program by state or federal authorities.

INTRODUCTION

It should be noted that commencing with the 1978 calendar year, the Rhode Island Medical Assistance Program began to make payment to participating facilities on a prospective basis.

~~Starting on October 1, 2003 the Department will begin to phase in provisions for rate reform to be completed on or before October 1, 2005. This rate reform will include the following elements:~~

~~—— Annual base years from every three years.~~

~~—— Four cost centers from seven cost centers.~~

~~Establishment of new cost center ceilings.~~

~~Re-array of costs of all facilities in the Direct Labor Cost Center (combined Labor Related and O.B.R.A. effective October 1, 2003) every three years.~~

~~Re-array of costs of all facilities in the Other Operating Cost Center (combined All Other and Management Cost Centers effective October 1, 2005) every three years.~~

~~Establishment of a Fair Rental System to replace the Other Property Related Cost Center effective September 1, 2004.~~

~~Establishment of a Pass Through Cost Center (combined Fixed Property, Energy and Insurance from the All Other Cost Center effective October 1, 2003) with no cost center ceiling.~~

This per diem reimbursement rate will represent full and total payment for services provided and, except for changes as a result of an audit of the facility's base year or appeal period ~~or direct labor cost interim adjustment payment~~, will not be subject to a retrospective adjustment to reflect increases or decreases in actual costs.

III

RECORDS RETENTION AS PROVIDED FOR BY THE STATUTE OF LIMITATIONS

(12-12-17)

Each provider of long term care services participating in the Title XIX Medical Assistance Program in accordance with the provisions of these Principles of Reimbursement will maintain within the State of Rhode Island all original records or hard copies of records and data necessary to support the accuracy of the entries on the annual BM-64 Cost Report. However, original invoices, canceled checks, contracts, minutes of board of directors meetings and any other material used in the preparation of the annual cost report must be retained in Rhode Island for at least ten (10) years following the month in which the cost report to which the materials apply is filed with the State Agency as required by the Statute of Limitation. Each provider will make available upon request such records and all other pertinent records to representatives of the State Agency, representatives of the Federal Department of Health and Human Services, and the State's Medicaid Fraud Unit within the State's Attorney General Office.

The State Agency will maintain all cost reports submitted by providers and all audit reports prepared by the Agency for at least ten (10) years after the month in which the cost report was filed by the provider or at least ten (10) years after the month in which the audit was conducted.

These Principles of Reimbursement are implemented in accordance with the appropriate provisions of the State's Administrative Procedures Act.

IV

The State will pay to participating providers of long term care facility services who furnish services in accordance with the requirements of the Principles of Reimbursement

the amount determined for services furnished by the provider under said Principles of Reimbursement.

If an overpayment to a participating provider of long term care services is identified, repayment will either be made by direct reimbursement or by offsetting future payments to the provider. Such repayment may include interest charges on the overpayment amount as provided for by Section 40-8.2-22 of the Rhode Island General Laws.

